



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 8**

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March 31, 2011

Ref: ENF-L

Mr. Thomas Daley, Esq.  
City Attorney's Office  
445 Marsac Avenue  
P.O. Box 1480  
Park City, Utah 84060

Mr. Kevin Murray, Esq.  
Chapman and Cutler, LLP  
201 South Main Street  
Salt Lake City, Utah 84111-2266

Dear Mr. Daley and Mr. Murray:

The time available to reach settlement among the parties on unresolved liabilities at what we have termed OUs 3 and 4 of the Richardson Flat Tailings Site (Site) is coming to an end. The proposed consensual agreement would provide United Park City Mines (UPCM) and Park City substantial benefits that would not accrue absent participation by all the parties involved in the negotiation. On February 9, 2011 we had a very productive session in Denver at which it seemed we reached resolution on a number of major issues that were delaying settlement. However, since then, progress has stalled and concessions have been sought which impede settlement. Given the significant effort on settlement language and natural resource damage issues that remains after resolution of the issues currently before us, it seems that prolonged negotiations on these issues are unlikely to result in a timely settlement agreement.

Park City has requested the opportunity to meet with Regional Administrator James Martin. For such a meeting to be productive, EPA needs the following: 1) a written response from Park City indicating whether its March 15, 2011 letter on the waiver issue is the City's final position on that issue and, if not, what the final position is; 2) a written final position from UPCM on what limitations it will agree to on its 1975 mining lease in the upper watershed; and 3) a written statement from both UPCM and Park City expressing your support or concern with deleting the Pace Property repository and expanding the Richardson Flat repository onto land owned by UPCM, understanding that the overall settlement terms and cleanup requirements will remain the same. (In the context of the last requirement, it would be appropriate for each party to sustain any loss of use or property value on these parcels as its own. EPA will not be able to determine if expanding Richardson Flat repository is appropriate until new information is collected and evaluated.) Once EPA has received this information from both parties, a meeting

with the Regional Administrator will be arranged. The meeting needs to be with both parties in the room at the same time in order to produce tangible results.

As I have emphasized many times, the benefits of the agreement will not be achieved unless UPCM and Park City agree. Thus, if agreement cannot be reached between UPCM and Park City in the very near future, there will be no reason to continue negotiations. Please consider the benefits to all parties in order to bring this resource intensive negotiation to a worthwhile end.

Sincerely,

Matt Cohn  
Legal Enforcement Program

cc: Joan Card, Park City  
Mia Bearley, EPA  
Kathy Hernandez, EPA  
Maureen O'Reilly, EPA  
John Dalton, EPA  
Kelcey Land, EPA  
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